



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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Auditor of State

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**NEWS RELEASE**

FOR RELEASE

March 29, 2011

Contact: Andy Nielsen  
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Auditor of State David A. Vaudt today released an audit report on Boone County, Iowa.

The County had local tax revenue of \$36,968,638 for the year ended June 30, 2010, which included \$1,324,455 in tax credits from the state. The County forwarded \$29,872,134 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$7,096,504 of the local tax revenue to finance County operations, a 5% increase over the prior year. Other revenues included charges for service of \$4,045,417, operating grants, contributions and restricted interest of \$5,051,029, capital grants, contributions and restricted interest of \$3,513,494, local option sales tax of \$753,944, unrestricted investment earnings of \$136,166 and other general revenues of \$318,374.

Expenses for County operations totaled \$18,673,964, a 5% increase over the prior year. Expenses included \$6,500,129 for roads and transportation, \$2,840,307 for public safety and legal services and \$2,206,952 for mental health.

A copy of the audit report is available for review in the County Auditor's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1010-0008-B00F.pdf>.

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**BOONE COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2010**

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## **Boone County**

### **Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mike O'Brien	Board of Supervisors	Jan 2011
Thomas Foster	Board of Supervisors	Jan 2013
William Lusher	Board of Supervisors	Jan 2013
Philippe Meier	County Auditor	Jan 2013
Darcy Bosch	County Treasurer	Jan 2011
Sheryl Thul	County Recorder	Jan 2011
Ronald Fehr	County Sheriff	Jan 2013
Jim Robbins	County Attorney	Jan 2011
D. Kevin Burggraaf	County Assessor	Jan 2016

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Independent Auditor's Report

To the Officials of Boone County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Boone County, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Boone County's management. Our responsibility is to express opinions on these financial statements based on our audit.

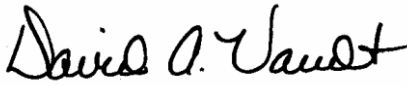
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Boone County at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

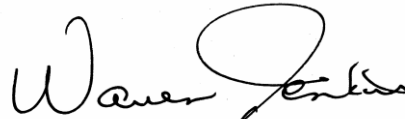
In accordance with Government Auditing Standards, we have also issued our report dated February 25, 2011 on our consideration of Boone County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 19 and 54 through 58 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Boone County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 25, 2011



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Boone County provides this Management's Discussion and Analysis of the Boone County fiscal year (FY) 2010 financial statements. The purpose of this portion of the financial report is to discuss an overview of the activities of the year to augment the numbers presented in the balance of the report. It is hoped this section will assist readers in understanding the events that significantly affected the financial position of Boone County as a whole.

This is the eighth year Boone County has reported all activities on a full accrual basis, as required by the reporting standards of Governmental Accounting Standards Board (GASB) Statement No. 34. This year's financial information will be compared to FY2009 information.

### FISCAL YEAR 2010 FINANCIAL HIGHLIGHTS

- Boone County's governmental activities revenues decreased \$350,390, or 1.84%, compared to FY2009. Taxes levied on property increased \$363,446, or 5.4% from FY2009.
- Boone County's governmental activities expenses increased \$1,085,939, or 7.0%, compared to FY2009.
- Boone County's net assets increased approximately \$2,241,000 over FY2009, or approximately 5.6%.

### USING THIS ANNUAL REPORT

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required and other supplementary information. The financial statements include two kinds of statements that present different views of Boone County.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about Boone County's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of Boone County, reporting Boone County's operations in more detail than the government-wide statements.
- The governmental funds statements explain how basic services, such as mental health and secondary road maintenance and construction, were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short term and long term financial information about activities Boone County operates like a business. In Boone County, the landfill operations are the only enterprise reported as a proprietary fund.
- Fiduciary funds statements provide information about financial relationships for which Boone County acts solely as a trustee or agent to benefit others. Examples of these funds include Empowerment Funds, Emergency Management Funds and tax funds collected and distributed to schools, cities and other taxing authorities.

The financial statements also include notes to explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of Boone County's budget for FY2010, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan. Other supplementary information provides detailed information about nonmajor governmental funds and agency funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

## **REPORTING THE COUNTY AS A WHOLE**

### *Government-wide Financial Statements*

The government-wide financial statements report information about Boone County as a whole using accounting methods similar to those used in private-sector companies. The Statement of Net Assets includes all of Boone County's assets and liabilities. All the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash was received or paid.

The two government-wide financial statements report Boone County's net assets and how they have changed. Net assets - the difference between Boone County's assets and liabilities - are one way to measure Boone County's financial health or position.

- Over time, increases or decreases in Boone County's net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess Boone County's overall financial health, readers need to consider Boone County's property tax base and the condition of its buildings and other facilities.

In the government-wide financial statements, Boone County's activities are divided into two categories:

- Governmental activities: Boone County's basic services are included here, including public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities.
- Business type activities: The Boone County Landfill charges fees to cover the services it provides. The Boone County Landfill's financial information is presented here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about Boone County's funds, focusing on its most significant or "major" funds - not Boone County as a whole. Funds are accounting devices Boone County uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and bond covenants.
- Boone County establishes other funds to control and manage money for particular purposes or to show it is properly using certain revenues, such as federal grants.

Boone County has three types of funds:

1) **Governmental Funds:** Most of Boone County's basic services are included in governmental funds, which generally focus on: 1) How cash and other financial assets which can readily be converted to cash flow in and out and 2) the balances left over at year-end that are available to provide future spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine if there are more or fewer financial resources that can be spent in the near future to finance Boone County's programs. Because this information does not encompass the additional long term focus of the government-wide statements, additional information on Exhibit D and Exhibit F explain the relationship or differences between the two statements. Boone County's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund.

2) **Proprietary Funds:** Boone County's enterprise funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. Boone County has two enterprise funds, the Landfill Operations Fund and the Ground Water Tax Fund.

3) **Fiduciary Funds:** Boone County is the trustee, or fiduciary, for assets belonging to others, such as Trustee Drainage Districts, Emergency Management Services, County Assessor, Empowerment and all the agency funds necessary to collect and distribute property taxes to schools, cities and other taxing authorities. Boone County is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Boone County excludes these activities from the government-wide financial statements because the County cannot use these assets to finance its operations. Fiduciary funds report a liability for amounts due to other governments and, therefore, the fiduciary funds do not report a fund balance.

## BOONE COUNTY FINANCIAL ANALYSIS AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of financial position. Boone County's net assets for FY2010 totaled \$42,314,073. Net assets on June 30, 2009 were \$40,073,108. Net assets increased 5.6% as a result of FY2010 Boone County operations.

	Governmental Activities		Business Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 14,063,946	14,248,194	4,114,655	4,217,577	18,178,601	18,465,771
Capital assets	36,869,054	33,859,025	2,900,532	2,718,048	39,769,586	36,577,073
Total assets	50,933,000	48,107,219	7,015,187	6,935,625	57,948,187	55,042,844
Long-term liabilities	4,924,300	4,925,460	2,284,807	2,115,540	7,209,107	7,041,000
Other liabilities	8,314,782	7,703,010	110,225	225,726	8,425,007	7,928,736
Total liabilities	13,239,082	12,628,470	2,395,032	2,341,266	15,634,114	14,969,736
Net assets:						
Invested in capital assets, net of related debt	32,736,378	29,268,995	2,900,532	2,718,048	35,636,910	31,987,043
Restricted	3,236,528	3,569,333	47,289	54,871	3,283,817	3,624,204
Unrestricted	1,721,012	2,640,421	1,672,334	1,821,440	3,393,346	4,461,861
Total net assets	\$ 37,693,918	35,478,749	4,620,155	4,594,359	42,314,073	40,073,108

Net assets increased \$2,240,965 compared to FY2009. The largest portion of Boone County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and

equipment), less related debt. The major increases this year are the addition of the bike trail in southern Boone County, which included land purchased by the Iowa Heritage Foundation and trail development from grant funding provided through Polk County to further construct the trail, including the new bike bridge, and additional construction projects in secondary roads. The debt related to the investment in capital assets is liquidated with resources other than capital assets since they are unavailable for spending. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they may be used. Unrestricted net assets – the part of net assets that can be used to finance day to day operations without constraints established by debt covenants, legislation or other legal requirements – total \$3,393,346. Unrestricted net assets decreased \$1,068,515, or 23.9%, as a result of FY2010 operations.

The following table entitled “Changes in Net Assets of Boone County Activities” compares in greater detail the changes in activity. Looking at the County as a whole, readers will note revenues decreased approximately 1.1% and expenses increased approximately 5.4%. Revenues of the County as a whole decreased \$232,784 compared to FY2009. Operating grants, contributions and restricted interest decreased \$337,153 while capital grants, contributions and restricted interest decreased \$251,188. Charges for service increased 4.4%, property tax related revenue increased 5.2%, local option sales tax decreased 7.7% and other revenue decreased 23.9% compared to FY2009. A look at expenses by function reveals public safety increased 4.1%, physical health and social services increased 11.6%, mental health decreased 12.3%, county environment and education increased 60.3% due to economic development expenses for Central Iowa Expo, roads and transportation increased 15.2% due to additional road maintenance costs, governmental services to residents decreased 8.3%, administration decreased 4.2% and solid waste decreased 5.7% compared to FY2009.

Changes in Net Assets of Boone County Activities						
	Governmental		Business Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for service	\$ 1,983,892	\$ 1,854,757	2,061,655	2,018,593	4,045,547	3,873,350
Operating grants, contributions and restricted interest	4,944,668	5,388,182	106,361	-	5,051,029	5,388,182
Capital grants, contributions and restricted interest	3,513,494	3,764,682	-	-	3,513,494	3,764,682
General revenues:						
Property tax - general purposes	6,166,978	5,976,568	-	-	6,166,978	5,976,568
Property tax - debt service	648,796	499,293	-	-	648,796	499,293
Tax increment financing	12,591	6,976	-	-	12,591	6,976
Penalty and interest on property tax	103,742	97,965	-	-	103,742	97,965
State tax credits	268,139	264,224	-	-	268,139	264,224
Local option sales tax	753,944	816,876	-	-	753,944	816,876
Grants and contributions not restricted to specific purposes	89,493	72,853	-	-	89,493	72,853
Unrestricted investment earnings	127,294	209,469	8,872	24,769	136,166	234,238
Gain on disposition of capital assets	65,368	46,558	7,000	-	72,368	46,558
Miscellaneous	52,771	83,157	-	22,920	52,771	106,077
Total revenues	18,731,170	19,081,560	2,183,888	2,066,282	20,915,058	21,147,842
Program expenses:						
Public safety and legal services	2,840,307	2,729,530	-	-	2,840,307	2,729,530
Physical health and social services	790,953	708,573	-	-	790,953	708,573
Mental health	2,206,952	2,516,089	-	-	2,206,952	2,516,089
County environment and education	1,497,964	934,536	-	-	1,497,964	934,536
Roads and transportation	6,500,129	5,643,909	-	-	6,500,129	5,643,909
Governmental services to residents	547,270	597,084	-	-	547,270	597,084
Administration	1,957,765	2,043,763	-	-	1,957,765	2,043,763
Interest on long-term debt	174,661	256,578	-	-	174,661	256,578
Solid waste	-	-	2,158,092	2,287,693	2,158,092	2,287,693
Total expenses	16,516,001	15,430,062	2,158,092	2,287,693	18,674,093	17,717,755
Change in net assets	2,215,169	3,651,498	25,796	(221,411)	2,240,965	3,430,087
Net assets beginning of year	35,478,749	31,827,251	4,594,359	4,815,770	40,073,108	36,643,021
Net assets end of year	\$ 37,693,918	\$ 35,478,749	4,620,155	4,594,359	42,314,073	40,073,108

The amounts reported for governmental activities in the Governmental Funds Balance Sheet are different than the Statement of Net Assets because:

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	
<b>Total Governmental Fund Balances</b>	<b>\$ 5,470,264</b>
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$62,099,156 and the accumulated depreciation is \$25,230,102.	36,869,054
Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds.	301,866
Long-term liabilities, including bonds and notes payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	(4,947,266)
<b>Net Assets of Governmental Activities</b>	<b>\$ 37,693,918</b>

The County-wide taxable valuation increased approximately 5.0% and the County's rural taxable valuation increased approximately 5.7%. The budgetary requirements of the General Fund levy required a general basic levy above \$3.50 per \$1,000 of taxable valuation for the fifth time since the Mental Health Fund was created in the early 1990's. The total County-wide levy rate increase was approximately \$0.08 per \$1,000 of taxable valuation. The total increase in dollars levied County-wide was approximately \$341,800.

The rural County levy rate decrease was \$.10 per \$1,000 of taxable valuation, but \$21,616 more was levied than for FY2009.

A relatively stagnant property tax base has the potential of putting a governmental entity in financial harm as revenues may not be sufficient to offset the cost of government inflation. Boone County was fortunate to be able to levy enough property tax to remain stable and maintain the essential services County residents expect and deserve. See the detail on property tax in the following table:

Property Tax Levied		
	FY2010	FY2009
County-wide taxable valuation	\$ 1,059,545,463	1,009,479,341
County-wide levy rate without debt	4.60391	4.64841
Dollars levied without debt	4,878,049	4,692,467
County-wide taxable debt service valuation	1,086,971,026	1,038,074,465
County debt service levy rate	0.62038	0.49908
Dollars levied for debt service	674,331	518,083
Total county-wide rate	5.22429	5.14749
Total dollars levied county-wide	5,552,380	5,210,550
Rural taxable valuation	642,622,213	608,019,509
Rural tax levy rate	2.38183	2.48183
Dollars levied rural area only	1,530,617	1,509,001
Total dollars levied	7,082,997	6,719,551

## Governmental Activities

This is the eighth year Boone County has prepared financial statements on a full accrual basis. Management will analyze and compare revenues and expenses detailing percentage increases or decreases and attempt to explain the reasons they occurred.

- Revenues for governmental activities were approximately \$18.7 million in FY2010, which is a 1.8% decrease compared to FY2009. Expenses for governmental activities totaled approximately \$16.5 million, an increase of 7.0% compared to FY2009. In a difficult budgeting year, Boone County did a remarkable job trimming expenses to match available revenues, noting the increase in net assets was approximately \$2.2 million for governmental activities in FY2010.
- The local option sales tax revenue of \$753,944 contributed greatly to the increase in net assets of the governmental activities. Boone County uses 75% of the local option sales tax revenue to reduce property tax in the Special Revenue, Rural Services Fund. The remaining 25% of the tax is spent for community betterment projects throughout the County. The revenue received from local option sales tax decreased 7.7% compared to FY2009. The County believes the local option sales tax revenue indicates the relative economic strength of the local business economy, which reflects a downturn compared to last year.

## Net Cost of Governmental Activities

Function	Expenses	Program Revenues		FY2010 Net Expense or (Revenue)	FY2009 Net Expense or (Revenue)
		Charges for Service	Operating and Capital Grants and Contributions		
Public safety and legal services	\$ 2,840,307	496,448	497,359	1,846,500	1,640,489
Physical health and social services	790,953	17,474	283,029	490,450	494,391
Mental health	2,206,952	117,682	1,548,669	540,601	467,696
County environment and education	1,497,964	571,743	2,122,095	(1,195,874)	(1,705,771)
Roads and transportation	6,500,129	317,890	3,993,084	2,189,155	1,094,481
Governmental services to residents	547,270	435,946	5,056	106,268	162,729
Administration	1,957,765	26,709	8,870	1,922,186	2,011,848
Interest on long-term debt	174,661	-	-	174,661	256,578
Total	\$ 16,516,001	1,983,892	8,458,162	6,073,947	4,422,441

- The cost of all governmental activities this year was approximately \$16.5 million, up approximately \$1,086,000, or 7.0%, from FY2009.
- The portion of the cost financed by users of Boone County programs from charges for service was approximately \$1.98 million, increasing \$129,135, or 7.0%, compared to FY2009.
- The federal and state governments and private contributors subsidized certain programs with operating and capital grants and contributions totaling approximately \$8.5 million, down 7.6% compared to FY2009.
- The net cost of governmental activities was financed with general revenues, including property tax related revenue of \$7,200,246, local option sales tax of \$753,944, unrestricted grants and contributions of \$89,493, unrestricted investment earnings of \$127,294, gain on disposition of capital assets of \$65,368 and other miscellaneous income of \$52,771. Total general revenues for FY2010 were \$8,289,116 million, up \$215,177, or 2.7%, compared to FY2009.

## Business Type Activities

Function	Expenses	Program Revenues		FY2010 Net Expense or (Revenue)	FY2009 Net Expense or (Revenue)
		Charges for Service	Operating and Capital Grants and Contributions		
Solid waste	\$ 2,158,092	2,061,655	106,361	(9,924)	269,100

Program revenues of the Boone County Landfill increased 7.4%% to \$2,168,016 because of increased tonnage received while expenses decreased 5.7% to approximately \$2.2 million. The County Landfill is Boone County's only business type activity. Revenues of the Landfill include charges for service, the Iowa Department of Natural Resources Ground Water Tax (local share) and interest income.

- During FY2010, the Boone County Landfill continued disposal in previously developed areas. The Landfill's operating permit was renewed by the Iowa Department of Natural Resources (IDNR) under new landfill rules. The Landfill completed flood related work and coordinated reimbursement from FEMA. The Landfill also purchased a new landfill compactor per the established equipment replacement schedule.
- FY2010 marked the final year of the pay-in period for closure and postclosure financial assurance. Due to increased costs associated with the new landfill rules, a significantly larger final annual payment was required than in the two previous years.
- The Boone County Recycling Center purchased a new recycling collection truck with financial assistance provided by the IDNR. This purchase allows collection of recyclables from small and medium sized workplaces throughout the week. This truck replaces a vehicle rented two to three days a week.
- The Keep Boone County Beautiful (KBCB) program added a new annual event to its offerings. Keep Boone County Scenic invites volunteers throughout Boone County to take a Saturday morning in April to get out and take a walk and pick up litter. The first event, held on April 17, 2010, had over 200 volunteers working in Boone, Madrid, Boxholm and in county parks.
- The landfill and KBCB are involved in the Don Williams Lake Watershed Improvement Project which received a grant from the IDNR. This two year project commenced on January 1, 2010. Landfill and KBCB staff are involved in the public education components of the project and serve as webmaster for the projects web page hosted on the County's web system.
- The Landfill's comprehensive planning area received approval of its 2009 plan update in February of 2010. The IDNR calculated the planning area's landfill waste diversion rate at 55%. The planning area is one of two in the state that exceeds the State of Iowa's 50% diversion goal.

## MAJOR GOVERNMENTAL FUND ANALYSIS AND HIGHLIGHTS

As previously noted, Boone County uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

The financial performance of Boone County as a whole is reflected in its governmental funds, as well. As Boone County completed the year, its governmental funds reported combined fund balances of \$5,470,264, 11.7% less than last year's total of \$6,195,035.

## General Fund

General Fund		
	FY2010	FY2009
Beginning fund balance	\$ 1,991,024	2,405,382
Property tax, including penalty and interest	3,955,854	3,764,510
Local option sales tax	192,736	206,219
Intergovernmental	851,381	780,034
Permits and charges for service	945,480	952,353
Interest and use of property	163,209	209,208
Miscellaneous	46,616	36,322
Sale of capital assets	4,649	24,400
Total revenues	6,159,925	5,973,046
Public safety and legal services	2,545,477	2,723,974
Physical health and social services	790,647	708,696
County environment and education	580,171	527,881
Governmental services to residents	541,193	591,552
Administration	1,674,514	1,739,071
Capital projects	135,409	95,855
Transfers to other funds	545	375
Total expenditures and transfers	6,267,956	6,387,404
Ending fund balance	\$ 1,882,993	1,991,024

The amounts presented combine the general basic, general supplemental and county farm land sale proceeds funds.

Total property tax revenue increased 5.1%. Local option sales tax revenue decreased 6.5%, intergovernmental revenue increased 9.1%, revenue from user fees decreased .7% and interest and use of property decreased 22.0% due to lower interest rates received by the County on investments. Total revenues increased 3.1% compared to FY2009.

Total expenditures and transfers decreased 1.9%, or \$119,448, compared to FY2009. Physical health and social services increased 11.6% while administration decreased 3.7%.

## Special Revenue Funds

Mental Health Fund		
	FY2010	FY2009
Beginning fund balance	\$ 112,470	(363,050)
Property tax	837,373	841,254
Intergovernmental - property tax relief	677,515	738,253
Other intergovernmental	1,070,492	1,394,075
Miscellaneous	11,512	12,804
Total revenues	2,596,892	2,986,386
Mental illness	175,933	149,705
Chronic mental illness	903,298	1,060,427
Mental retardation	1,119,147	1,299,493
Developmental disability	2,185	1,241
Total expenditures	2,200,563	2,510,866
Ending fund balance	\$ 508,799	112,470

Boone County levied the maximum levy established by the Mental Health Fund base year calculation. The FY2009 ending fund balance was 4.5% of FY2009 expenditures. Revenues decreased 13% as intergovernmental revenue was \$384,321 less than FY2009. Mental health expenditures were 12% lower compared to FY2009. The FY2010 fund balance is 23.1% of FY2010 expenditures.



Rural Services Fund		
	FY2010	FY2009
Beginning fund balance	\$ 865,672	848,909
Property tax	1,475,731	1,457,129
Local option sales tax	578,208	618,657
Intergovernmental	55,514	57,983
Permits, charges for service and miscellaneous	10,561	20,487
Total revenues	2,120,014	2,154,256
Public safety and legal services	245,036	-
County environment and education	314,301	336,634
Governmental services to residents	1,173	2,242
Transfers to other funds	1,899,854	1,798,617
Total expenditures and transfers	2,460,364	2,137,493
Ending fund balance	\$ 525,322	865,672

Property tax levied for FY2010 was up \$18,602, or 1.3%, compared to FY2009.

- The local effort for secondary roads was maintained at 90% of the maximum allowed to be levied for secondary roads.
- Compared to FY2009, local option sales tax revenue decreased 6.5% to \$578,208 because of the economic slowdown.
- Total property tax related revenue (\$1,475,731) is less than the amount transferred to the Secondary Roads Fund (\$1,899,854) by \$424,123, which means local option sales tax pays for all of the services in the Rural Services Fund and part of the road expenditures.
- The Board of Supervisors paid part of uniformed patrol services expenditures from the Rural Services Fund for the period January 1, 2010 to June 30, 2010 to reduce the Rural Services Fund balance. The Rural Services Fund ending fund balance now represents approximately 21% of rural fund expenditures, including transfers to Secondary Roads.

Secondary Roads Fund		
	FY2010	FY2009
Beginning fund balance	\$ 2,473,750	2,066,947
State fuel tax and other state revenue	4,027,149	3,347,942
Permits, charges for service and miscellaneous	170,508	141,738
Sale of capital assets	1,087	24,850
Transfers from other funds	1,899,854	1,798,617
Total revenues and transfers	6,098,598	5,313,147
Secondary road maintenance	5,514,468	4,767,579
Secondary road construction	1,158,888	138,765
Total expenditures	6,673,356	4,906,344
Ending fund balance	\$ 1,898,992	2,473,750

- Secondary Roads Fund revenues and transfers increased 14.8% compared to FY2009, which was primarily due to additional road use tax and bridge replacement grants of \$731,988 and transfers increasing by over \$100,000, offset by slightly lower FEMA reimbursements.
- Secondary Roads Fund expenditures increased \$1,767,012, or 36.0%, compared to FY2009. Maintenance expenditures increased 15.7% and construction increased 735.1 %. FY2009 construction was limited to some local grading jobs compared to FY2010, which included recycling of 6.4 miles of asphalt roadway and grading.
- The total ending fund balance compared to total expenditures decreased to 28.5% for FY2010 compared to 50.4% for FY2009.

## Debt Service Fund

	FY2010	FY2009
Beginning fund balance	\$ 38,686	37,048
Property tax	649,522	498,839
Intergovernmental	25,595	20,851
Miscellaneous	-	106
General obligation notes issued, net of discount	3,174,627	-
Transfers from other funds	24,472	-
Total revenues and transfers	3,874,216	519,796
Administration	39,063	-
Principal	3,645,000	390,000
Interest	171,125	128,158
Total expenditures	3,855,188	518,158
Ending fund balance	\$ 57,714	38,686

The Debt Service Fund accumulates resources and pays the principal and interest on the County's bonds for the jail project. During FY2010, the County refinanced the outstanding refunding jail bonds, leaving a principal balance on the refunding jail bonds of \$2,487,676.

## Capital Projects Fund

	FY2010	FY2009
Beginning fund balance	\$ 214,768	299,814
General obligation note proceeds	-	1,550,000
Interim financing proceeds	430,594	-
Miscellaneous	-	5,237
Total revenues and transfers	430,594	1,555,237
County environment and education	440,697	-
Administration	-	58,783
Debt service	-	1,581,500
Transfers to other funds net	4,918	-
Total expenditures	445,615	1,640,283
Ending fund balance	\$ 199,747	214,768

During the year ended June 30, 2007, the County issued \$1,500,000 of general obligation capital loan notes to purchase land for the site of the Farm Program Show. The proceeds of the notes were placed in the Capital Projects Fund to account for this major project. The County issued debt in FY2009 to retire the capital loan notes issued for the original purchase of Central Iowa Expo (CIE) land. The County also agreed to guarantee the first five years of payments on the loan the Central Iowa Expo Board obtained to develop the site and the balance of the loan is guaranteed by USDA. The current CIE Projects fund will become a debt service function fund to accumulate expenditures which will likely have to be converted to County permanent debt if the CIE Board is unable to solicit contributions to pay back this guarantee. During FY2010, the County borrowed \$430,594 to guarantee the payments on the CIE Board loan.

## **BUSINESS TYPE FUND HIGHLIGHTS**

- FY2010 was the Boone County Landfill's 40<sup>th</sup> year of operations. Inspections by a variety of entities continue to demonstrate the Landfill is operated at a level that exceeds regulatory requirements.
- FY2010 tipping fees were increased by \$1.00 per ton. This is only the fourth increase since 1990 when the rate was set at \$25.00.
- Commencing on January 2, 2010, the Landfill became the planning area's sole facility for accepting asbestos containing material. This was due to the private landfill in Ames nearing capacity.
- The IDNR calculated the CIWMA planning area had landfilled 45% of the region's waste. At that time, only two planning areas in the state of Iowa achieved this level of waste diversion.

### **Landfill Operations Fund**

Landfill fees charged to customers increased \$1.00 per ton in FY2010. Landfill Operations Fund revenue was \$1,917,724, a decrease of 2.5% compared to FY 2009.

Operating expenses decreased 6.9% compared to FY2009.

### **Landfill Closure/Postclosure Account**

The Closure/Postclosure Account has assets totaling \$3,217,796. During FY2010, the Landfill finished the pay-in schedule to fully fund the closure/postclosure account. This required a significantly larger payment during FY2010.

No closure/postclosure costs were expended from this account during FY2009 or FY2010.

### **Ground Water Tax Fund (Local Portion of Tip Fee Surcharge)**

This fund accounts for the amount the Boone County Landfill is allowed to retain from the State tipping fee surcharge. Actual revenue for this fund is tied to the actual tonnage received by the Landfill. The County's share of ground water surcharge decreased 10.6% to \$66,276 compared to FY2009.

Expenses increased 76.1%, compared to FY2009 and include funding for:

- Recyclables processing carried out by Genesis Development. This includes two separate processing operations. One is for Greene County through the Greene County Recycling Agency and the other is the Boone County Recycling Center.
- Educational materials.
- The annual updating of our financial assurance funding study.

### **Keep Boone County Beautiful Account**

This account (within the Landfill Operations Fund) was started to manage several projects of Landfill interest, including:

- The Dragoon River Romp.
- Adopt a County Road, City Street or favorite place.
- Environmental education.
- Keep Boone County Scenic pick up litter day.

## **BUDGETARY HIGHLIGHTS**

On May 25, 2010, the County Board of Supervisors amended the original FY 20010 budget for the following:

- Decreased intergovernmental receipts \$767,000 for the Madrid trail culvert.
- Increased general long-term debt proceeds of \$3,175,000 to refinance the jail bonds.
- Increased physical health and social services function disbursements \$83,000 for additional public health and veterans grant funding.
- Increased roads and transportation function disbursements \$70,000 for road maintenance and construction.
- Increased debt service function disbursements \$3,800,769 to a total of \$4,500,000 to refund the jail bonds.
- Decreased capital projects function disbursements \$70,000 to a total of \$1,510,700.
- Increased administration function disbursements \$12,000.

In the Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds, the actual net disbursements of \$20,030,064 were \$1,901,781 less than the amended budget. Receipts were \$392,690 less than the amended budget.

## **CAPITAL ASSETS**

Boone County's governmental activities concluded FY2010 with \$38,869,054 invested (net of depreciation) in a broad range of capital assets, including public safety equipment, buildings, parks facilities, landfill, roads and bridges. GASB 34 requires infrastructure and other capital assets to be depreciated according to a capital asset policy. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

## **LONG-TERM DEBT**

In FY2004, Boone County issued general obligation bonds of \$4,835,000 for the purpose of refinancing the original jail project bonds. The County's bond rating for the refinancing issue is Aa3. The bond rating firm requires a higher ending fund balance than the County has determined necessary to receive a higher bond rating. During fiscal year 2010, the County issued general obligation capital loan notes of \$3,190,000 for the purpose of refinancing the jail bonds.

In prior years, the County borrowed \$400,000 through a general obligation capital loan note to construct a twelve office addition to the Department of Human Services building and \$1.5 million through a general obligation capital loan anticipation project note to purchase approximately 100 acres for the Central Iowa Expo site which will be the permanent bi-annual home of the Farm Progress Show for the next 20 years. The anticipation project note was replaced with permanent financing during FY2009. The balances due on June 30, 2010 for the capital notes are \$175,000 and \$1,470,000, respectively. During FY2010, the County borrowed \$430,594 to pay the CIE Board loan

Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

## FACTORS BEARING ON THE FUTURE

Boone County's elected and appointed officials and citizens considered many factors when setting the FY2011 budget, tax rates and fees that partially finance the various county services. One of those factors is the economy. Boone County's employment (number of persons working) has increased from an average of 13,500 in the mid 1990's to an average of 14,550 for calendar year 2010. The average Boone County unemployment rate for 1998 was 2.3%. Unemployment in Boone County on June 30, 2010 was 6.1% versus 5.7% a year before. This compares with the State's unemployment rate of 6.7% for the same period ended June 30, 2010.

The State of Iowa's modest financial condition and relatively flat revenue projection continue. The County has projected substantially stable revenues from the State and has asked taxpayers to fund the County budget with an additional 6.5% of property tax dollars compared to FY2010. The actual dollar increase from FY2010 to FY2011 is \$458,945.

The above factors were all part of the considerations for the FY2011 budget which certified taxes as follows: (Amounts certified include utility replacement and property tax dollars)

	Dollars Certified	Percentage Increase (Decrease)
General Fund	\$ 4,411,046	10.05%
Mental Health Fund	867,454	-.28%
Rural Services Fund	1,660,598	8.49%
Debt Service Fund	602,844	-10.60%
Total	<u>\$ 7,541,942</u>	<u>6.48%</u>

Boone County added a GIS Director and one full-time courthouse maintenance position in the FY2011 budget. Levy rates (expressed in \$/\$1,000 taxable valuation) to produce the above dollars for FY2011 are as follows:

General basic levy	\$ 3.50000
General supplemental levy	0.42223
Mental health levy	0.77133
Rural services basic levy	2.38183
Debt service levy	0.52049

Boone County has been fortunate there has been continued new construction and economic growth in the community to help offset the growth in demands for county services. The County-wide taxable valuation for the FY2011 budget exceeds \$1 billion of value for the third time in County history.

## CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide Boone County citizens, taxpayers, customers, investors and creditors with a general overview of Boone County's finances and to demonstrate Boone County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Boone County Auditor's Office, 201 State Street, Boone, Iowa 50036.

## **Basic Financial Statements**

Boone County  
Statement of Net Assets  
June 30, 2010

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 4,967,504	666,271	5,633,775
Cash and pooled investments - restricted	-	3,211,773	3,211,773
Receivables:			
Property tax:			
Delinquent	17,309	-	17,309
Succeeding year	7,335,000	-	7,335,000
Interest and penalty on property tax	51,064	-	51,064
Accounts	18,645	149,394	168,039
Accrued interest	5,370	6,023	11,393
Drainage assessment	112,851	-	112,851
Road assessments	80,160	-	80,160
Loan	100,000	-	100,000
Due from other funds	30,694	(30,694)	-
Due from other governments	635,988	106,361	742,349
Inventories	641,548	-	641,548
Prepaid insurance	67,813	5,527	73,340
Capital assets (net of accumulated depreciation)	36,869,054	2,900,532	39,769,586
<b>Total assets</b>	<b>50,933,000</b>	<b>7,015,187</b>	<b>57,948,187</b>
<b>Liabilities</b>			
Accounts payable	644,186	79,126	723,312
Accrued interest payable	22,966	-	22,966
Salaries and benefits payable	60,835	5,104	65,939
Due to other governments	251,795	25,995	277,790
Unearned revenue:			
Succeeding year property tax	7,335,000	-	7,335,000
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds and notes	500,000	-	500,000
SWAP loan	-	10,233	10,233
Compensated absences	344,637	25,451	370,088
Portion due or payable after one year:			
General obligation bonds and notes	3,632,676	-	3,632,676
General obligation anticipation project note	430,594	-	430,594
SWAP loan	-	21,323	21,323
Estimated liability for landfill closure and postclosure care	-	2,225,817	2,225,817
Net OPEB liability	16,393	1,983	18,376
<b>Total liabilities</b>	<b>13,239,082</b>	<b>2,395,032</b>	<b>15,634,114</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	32,736,378	2,900,532	35,636,910
Restricted for:			
Supplemental levy purposes	78,490	-	78,490
Secondary roads purposes	1,815,723	-	1,815,723
Law enforcement	106,977	-	106,977
Mental health purposes	489,856	-	489,856
Other purposes	745,482	47,289	792,771
Unrestricted	1,721,012	1,672,334	3,393,346
<b>Total net assets</b>	<b>\$ 37,693,918</b>	<b>4,620,155</b>	<b>42,314,073</b>

See notes to financial statements.

Boone County  
Statement of Activities  
Year ended June 30, 2010

	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety and legal services	\$ 2,840,307	496,448	497,359	-
Physical health and social services	790,953	17,474	283,029	-
Mental health	2,206,952	117,682	1,548,669	-
County environment and education	1,497,964	571,743	10,858	2,111,237
Roads and transportation	6,500,129	317,890	2,590,827	1,402,257
Governmental services to residents	547,270	435,946	5,056	-
Administration	1,957,765	26,709	8,870	-
Interest on long-term debt	174,661	-	-	-
Total governmental activities	16,516,001	1,983,892	4,944,668	3,513,494
Business type activities:				
Solid waste	2,158,092	2,061,655	106,361	-
Total	\$ 18,674,093	4,045,547	5,051,029	3,513,494

**General Revenues:**

Property and other county tax levied for:

- General purposes
- Debt service
- Tax increment financing

Penalty and interest on property tax

State tax credits

Local option sales tax

Grants and contributions not restricted to specific purposes

Unrestricted investment earnings

Gain on disposition of capital assets

Miscellaneous

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

See notes to financial statements.



Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
(1,846,500)	-	(1,846,500)
(490,450)	-	(490,450)
(540,601)	-	(540,601)
1,195,874	-	1,195,874
(2,189,155)	-	(2,189,155)
(106,268)	-	(106,268)
(1,922,186)	-	(1,922,186)
(174,661)	-	(174,661)
(6,073,947)	-	(6,073,947)
-	9,924	9,924
(6,073,947)	9,924	(6,064,023)
6,166,978	-	6,166,978
648,796	-	648,796
12,591	-	12,591
103,742	-	103,742
268,139	-	268,139
753,944	-	753,944
89,493	-	89,493
127,294	8,872	136,166
65,368	7,000	72,368
52,771	-	52,771
8,289,116	15,872	8,304,988
2,215,169	25,796	2,240,965
35,478,749	4,594,359	40,073,108
\$ 37,693,918	4,620,155	42,314,073

Boone County  
Balance Sheet  
Governmental Funds

June 30, 2010

		Special Revenue			
		General	Mental Health	Rural Services	Secondary Roads
Assets					
Cash and pooled investments	\$	1,709,429	716,923	466,900	1,304,022
Receivables:					
Property tax:					
Delinquent		11,216	2,206	2,377	-
Succeeding year		4,252,000	836,000	1,599,000	-
Penalty and interest on property tax		51,064	-	-	-
Accounts		15,569	814	125	1,947
Accrued interest		5,099	-	-	-
Drainage assessments		-	-	-	-
Road assessments		-	-	-	80,160
Loan		100,000	-	-	-
Interfund		112,851	-	-	-
Due from other funds		37,640	-	-	11,527
Due from other governments		152,335	4,021	115,318	364,314
Inventories		-	-	-	641,548
Prepaid insurance		32,002	-	-	35,811
Total assets	\$	6,479,205	1,559,964	2,183,720	2,439,329
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$	210,662	79,406	30,675	319,148
Salaries and benefits payable		31,370	2,440	1,575	25,450
Due to other funds		12,839	-	6,061	115
Due to other governments		22,316	131,218	-	98,261
Interfund payable		-	-	-	-
Deferred revenue:					
Succeeding year property tax		4,252,000	836,000	1,599,000	-
Other		67,025	2,101	21,087	97,363
Total liabilities		4,596,212	1,051,165	1,658,398	540,337
Fund balances:					
Reserved for:					
Supplemental levy purposes		77,340	-	-	-
Debt service		-	-	-	-
Law enforcement purposes		106,977	-	-	-
Unreserved, reported in:					
General fund		1,698,676	-	-	-
Special revenue funds		-	508,799	525,322	1,898,992
Capital projects fund		-	-	-	-
Total fund balances		1,882,993	508,799	525,322	1,898,992
Total liabilities and fund balances	\$	6,479,205	1,559,964	2,183,720	2,439,329

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
57,643	201,143	511,444	4,967,504
1,510	-	-	17,309
582,000	-	66,000	7,335,000
-	-	-	51,064
-	-	190	18,645
-	-	271	5,370
-	-	112,851	112,851
-	-	-	80,160
-	-	-	100,000
-	-	-	112,851
-	-	542	49,709
-	-	-	635,988
-	-	-	641,548
-	-	-	67,813
641,153	201,143	691,298	14,195,812

-	1,396	2,899	644,186
-	-	-	60,835
-	-	-	19,015
-	-	-	251,795
-	-	112,851	112,851
582,000	-	66,000	7,335,000
1,439	-	112,851	301,866
583,439	1,396	294,601	8,725,548

-	-	-	77,340
57,714	-	13	57,727
-	-	-	106,977
-	-	-	1,698,676
-	-	396,684	3,329,797
-	199,747	-	199,747
57,714	199,747	396,697	5,470,264
641,153	201,143	691,298	14,195,812

**Boone County**

## Boone County

Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Assets

June 30, 2010

<b>Total governmental fund balances (page 25)</b>	\$ 5,470,264
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***Amounts reported for governmental activities in the Statement of Net Assets  
are different because:***

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$62,099,156 and the accumulated depreciation is \$25,230,102.	36,869,054
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Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds.	301,866
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Long-term liabilities, including bonds and notes payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	(4,947,266)
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<b>Net assets of governmental activities (page 21)</b>	<u><u>\$ 37,693,918</u></u>
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See notes to financial statements.

Boone County  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2010

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 3,858,723	837,373	1,475,731	-
Local option sales tax	192,736	-	578,208	-
Penalty and interest on property tax	97,131	-	-	-
Tax increment financing	-	-	-	-
Intergovernmental	851,381	1,748,007	55,514	4,027,149
Licenses and permits	13,500	-	-	1,670
Charges for service	931,980	-	9,595	-
Use of money and property	163,209	-	-	100
Miscellaneous	46,616	11,512	966	168,738
Total revenues	6,155,276	2,596,892	2,120,014	4,197,657
Expenditures:				
Operating:				
Public safety and legal services	2,545,477	-	245,036	-
Physical health and social services	790,647	-	-	-
Mental health	-	2,200,563	-	-
County environment and education	580,171	-	314,301	-
Roads and transportation	-	-	-	5,514,468
Governmental services to residents	541,193	-	1,173	-
Administration	1,674,514	-	-	-
Debt service	-	-	-	-
Capital projects	135,409	-	-	1,158,888
Total expenditures	6,267,411	2,200,563	560,510	6,673,356
Excess (deficiency) of revenues over (under) expenditures	(112,135)	396,329	1,559,504	(2,475,699)
Other financing sources (uses):				
Sale of capital assets	4,649	-	-	1,087
Operating transfers in	-	-	-	1,899,854
Operating transfers out	(545)	-	(1,899,854)	-
General obligation notes issued	-	-	-	-
Discount on general obligation capital loan note	-	-	-	-
Interim financing proceeds	-	-	-	-
Total other financing sources (uses)	4,104	-	(1,899,854)	1,900,941
Net change in fund balances	(108,031)	396,329	(340,350)	(574,758)
Fund balances beginning of year	1,991,024	112,470	865,672	2,473,750
Fund balances end of year	\$ 1,882,993	508,799	525,322	1,898,992

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
649,522	-	-	6,821,349
-	-	-	770,944
-	-	-	97,131
-	-	12,591	12,591
25,595	-	14,133	6,721,779
-	-	-	15,170
-	-	5,056	946,631
-	-	17,119	180,428
-	-	120,249	348,081
675,117	-	169,148	15,914,104
-	-	28,125	2,818,638
-	-	-	790,647
-	-	-	2,200,563
-	440,697	216,350	1,551,519
-	-	-	5,514,468
-	-	7,632	549,998
39,063	-	-	1,713,577
3,816,125	-	-	3,816,125
-	-	-	1,294,297
3,855,188	440,697	252,107	20,249,832
(3,180,071)	(440,697)	(82,959)	(4,335,728)
-	-	-	5,736
24,472	-	545	1,924,871
-	(4,918)	(19,554)	(1,924,871)
3,190,000	-	-	3,190,000
(15,373)	-	-	(15,373)
-	430,594	-	430,594
3,199,099	425,676	(19,009)	3,610,957
19,028	(15,021)	(101,968)	(724,771)
38,686	214,768	498,665	6,195,035
57,714	199,747	396,697	5,470,264

Boone County

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances -  
Governmental Funds to the Statement  
of Activities

Year ended June 30, 2010

**Net change in fund balances - Total governmental funds (page 30)** \$ (724,771)

***Amounts reported for governmental activities in the Statement of Activities are different because:***

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 1,724,707	
Capital assets contributed by the Iowa Department of Transportation	715,453	
Capital assets contributed by the Polk County Conservation Commission	2,111,237	
Depreciation expense	<u>(1,606,737)</u>	2,944,660

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 65,368

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	(5,138)	
Other	<u>(75,594)</u>	(80,732)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Activities. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year debt repayments exceeded issues, as follows:

Issued	(3,620,594)	
Repaid	<u>3,647,354</u>	26,760

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(18,784)	
Other postemployment benefits	(6,816)	
Interest on long-term debt	<u>9,484</u>	<u>(16,116)</u>

**Change in net assets of governmental activities (page 23)** \$ 2,215,169

See notes to financial statements.



Boone County  
Statement of Net Assets  
Proprietary Funds  
June 30, 2010

	Enterprise		
	Nonmajor		
	Landfill	Ground	
	Operations	Water	Total
		Tax	
<b>Assets</b>			
Cash and pooled investments	\$ 633,947	32,324	666,271
Cash and pooled investments - restricted	3,211,773	-	3,211,773
Receivables:			
Accounts	149,394	-	149,394
Accrued interest	6,023	-	6,023
Due from other funds	8,871	16,536	25,407
Due from other governments	106,361	-	106,361
Prepaid insurance	5,527	-	5,527
Capital assets, net of accumulated depreciation	2,900,532	-	2,900,532
<b>Total assets</b>	<b>7,022,428</b>	<b>48,860</b>	<b>7,071,288</b>
<b>Liabilities</b>			
Accounts payable	77,655	1,471	79,126
Salaries and benefits payable	5,104	-	5,104
Due to other funds	56,101	-	56,101
Due to other governments	25,895	100	25,995
Long-term liabilities:			
Portion due or payable within one year:			
SWAP loan	10,233	-	10,233
Compensated absences	25,451	-	25,451
Portion due or payable after one year:			
SWAP loan	21,323	-	21,323
Estimated liability for landfill closure and postclosure care	2,225,817	-	2,225,817
Net OPEB liability	1,983	-	1,983
<b>Total liabilities</b>	<b>2,449,562</b>	<b>1,571</b>	<b>2,451,133</b>
<b>Net Assets</b>			
Invested in capital assets	2,900,532	-	2,900,532
Restricted for ground water tax purposes	-	47,289	47,289
Unrestricted	1,672,334	-	1,672,334
<b>Total net assets</b>	<b>\$ 4,572,866</b>	<b>47,289</b>	<b>4,620,155</b>

See notes to financial statements.

Boone County  
Statement of Revenues, Expenses and  
Changes in Fund Net Assets  
Proprietary Funds

Year ended June 30, 2010

	Enterprise		
	Nonmajor		
	Landfill	Ground	
	Operations	Water	
		Tax	Total
Operating revenues:			
Charges for service	\$ 1,593,507	66,276	1,659,783
Per capita fees	178,905	-	178,905
Solid waste fees	108,393	-	108,393
Miscellaneous	36,919	-	36,919
Total operating revenues	1,917,724	66,276	1,984,000
Operating expenses:			
Salaries and wages	405,665	-	405,665
Payroll tax	58,801	-	58,801
Fringe benefits	74,075	-	74,075
Fuel	114,408	-	114,408
Travel	10,086	-	10,086
Utilities	19,458	-	19,458
Insurance	22,582	-	22,582
Solid waste fees remitted to the Iowa Department of Natural Resources and Ground Water Tax Fund	162,602	-	162,602
Education and training	41,899	-	41,899
Engineering	36,123	-	36,123
Maintenance and repair	138,943	-	138,943
Operations	177,514	-	177,514
Depreciation	396,957	-	396,957
Dues and membership	3,522	-	3,522
Hauling	29,700	-	29,700
Accounting	30,925	-	30,925
Recycling	55,410	59,535	114,945
Gravel	86,286	-	86,286
Leachate hauling and treatment	135,842	-	135,842
Adjustment to estimated liability for landfill closure and postclosure care	135,046	-	135,046
Total operating expenses	2,135,844	59,535	2,195,379
Operating income (loss)	(218,120)	6,741	(211,379)
Non-operating revenues (expenditures):			
FEMA grant	106,361	-	106,361
SWAP Loan proceeds	77,528	-	77,528
Gain on sale of capital assets	7,000	-	7,000
Interest income	46,286	-	46,286
Income before transfers	19,055	6,741	25,796
Transfer in (out)	14,323	(14,323)	-
Change in net assets	33,378	(7,582)	25,796
Net assets beginning of year	4,539,488	54,871	4,594,359
Net assets end of year	\$ 4,572,866	47,289	4,620,155

See notes to financial statements.

Boone County  
Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2010

	Enterprise		
	Nonmajor		
	Landfill	Water	
	Operations	Tax	Total
Cash flows from operating activities:			
Cash received from gate fees	\$ 1,736,155	-	1,736,155
Cash received from per capita fee assessments	178,905	-	178,905
Cash received from other operating receipts	36,918	70,237	107,155
Cash paid to suppliers for goods and services	(1,049,453)	(58,778)	(1,108,231)
Cash paid to employees for services	(543,302)	-	(543,302)
Net cash provided by operating activities	359,223	11,459	370,682
Cash flows from noncapital financing activities:			
Transfer between funds	14,323	(14,323)	-
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(572,441)	-	(572,441)
Proceeds received from SWAP loan	77,528	-	77,528
Repayment of SWAP loan	(5,972)	-	(5,972)
Net cash used by capital and related financing activities	(500,885)	-	(500,885)
Cash flows from investing activities:			
Interest received on investments	50,422	-	50,422
Net decrease in cash and cash equivalents	(76,917)	(2,864)	(79,781)
Cash and cash equivalents beginning of year	3,922,637	35,188	3,957,825
Cash and cash equivalents end of year	\$ 3,845,720	32,324	3,878,044
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ (218,120)	6,741	(211,379)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	396,957	-	396,957
Closure and postclosure care	373,000	-	373,000
Changes in assets and liabilities:			
Decrease in accounts receivable	6,022	-	6,022
Decrease in due from other governments	9,781	-	9,781
Decrease (increase) in due from other funds	(189,712)	3,961	(185,751)
(Increase) in prepaid insurance	(479)	-	(479)
Increase (decrease) in accounts payable	(9,978)	657	(9,321)
(Decrease) in salaries payable	(7,427)	-	(7,427)
(Decrease) in due to other funds	(774)	-	(774)
(Decrease) increase in due to other governments	(2,712)	100	(2,612)
Increase in net OPEB liability	1,402	-	1,402
Increase in compensated absences	1,263	-	1,263
Total adjustments	577,343	4,718	582,061
Net cash provided by operating activities	\$ 359,223	11,459	370,682

See notes to financial statements.

Boone County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2010

**Assets**

Cash and pooled investments:

County Treasurer	\$ 2,487,166
Other County officials	42,227

Receivables:

Property tax:

Delinquent	84,471
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Succeeding year	28,791,000
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Accounts	30,879
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Special assessments	479,797
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Due from other funds	1,374
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Due from other governments	193,195
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Prepaid insurance	2,065
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<b>Total assets</b>	<u>32,112,174</u>
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**Liabilities**

Accounts payable	129,434
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Salaries and benefits payable	12,728
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Due to other funds	1,374
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Due to other governments	31,203,425
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Trusts payable	708,604
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Compensated absences	56,609
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<b>Total liabilities</b>	<u>32,112,174</u>
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<b>Net assets</b>	<u><u>\$ -</u></u>
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See notes to financial statements.

Boone County  
Notes to Financial Statements  
June 30, 2010

**(1) Summary of Significant Accounting Policies**

Boone County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Boone County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Boone County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

**Blended Component Units** – The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Certain drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Boone County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Boone County Auditor's Office.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Boone County Assessor's Conference Board, Boone County Emergency Management Commission, County Community Services and the Boone County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. All remaining funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

The Debt Service Fund is utilized to account for the payment of interest and principal on the County's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The County reports the following major proprietary fund:

The Landfill Operations Fund is used to account for operations financed and operated in a manner similar to private business enterprises where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The fund is also used to accumulate resources to fund the closure and postclosure care costs of the Landfill.

The County also reports fiduciary funds which focus on net assets and changes in net assets. The County's fiduciary funds include the following:

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

The proprietary funds of the County apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Enterprise Funds are charges to customers for sanitary landfill services. Operating expenses for Enterprise Funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.



Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2009.

Penalty and Interest on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. Assessments are due on September 30 and is subject to the same interest and penalties as other taxes. Delinquent drainage assessments receivable represent assessments which are due and payable but have not been collected. Succeeding year drainage assessments receivable represents remaining assessments which are payable but not yet due.

Road Assessments Receivable – Road assessments receivable represents amounts assessed to individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. In the governmental funds, road assessments receivable represents assessments which are due and payable but have not been collected.

Special Assessments Receivable – Special assessments receivable represents amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represents assessments which have been made but have not been collected.

Interfund Receivable/Payable – Interfund receivable/payable represents the County Treasurer's investment in drainage district warrants.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2010, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County) are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Intangibles	50,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings and improvements	25-50
Land improvements	10-50
Infrastructure, road network	10-65
Intangibles	5 - 20
Equipment	3 - 20
Vehicles	3 - 15

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Advances to/from Other Funds – Non-current portions of long-term interfund loans receivable are reported as advances and are offset equally by a fund balance reserve which indicates they do not constitute expendable available financial resources and, therefore, are not available to liquidate current obligations.

Trusts Payable – Trusts payable represent amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Unearned Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Unearned revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, disbursements exceeded the amount budgeted in the debt service function and at year end disbursements exceeded the amount budgeted in the county environment and education function.

#### (2) **Cash and Pooled Investments**

The County's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2010, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$178,126 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

**(3) Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2010 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	Secondary Roads	\$ 115
	Rural Services	235
	Enterprise:	
	Landfill Operations	37,290
		<u>37,640</u>
Special Revenue:	General	3,426
Secondary Roads	Special Revenue:	
	Rural Services	5,826
	Enterprise:	
	Landfill Operations	2,275
		<u>11,527</u>
County Recorder's Records Management	General	5
County Recorder's Electronic Transaction Fee	General	<u>537</u>
Enterprise:		
Landfill Operations	General	<u>8,871</u>
	Enterprise:	
Ground Water Tax	Landfill Operations	<u>16,536</u>
Total		<u>\$ 75,116</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	\$ 1,899,854
Debt Service	County TIF Project	19,554
	Capital Projects	4,918
Special Revenue:		
Conservation Land	General	545
Acquisition		
Enterprise:	Enterprise:	
Landfill Operations	Ground Water Tax	<u>14,323</u>
Total		<u>\$ 1,939,194</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2010 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,813,085	-	-	1,813,085
Construction in progress	3,410,868	4,029,238	(3,345,378)	4,094,728
Total capital assets not being depreciated	5,223,953	4,029,238	(3,345,378)	5,907,813
Capital assets being depreciated:				
Buildings	6,009,710	30,000	-	6,039,710
Improvements other than buildings	251,714	-	-	251,714
Equipment and vehicles	8,861,345	561,660	(233,643)	9,189,362
Infrastructure, road network	37,365,179	3,345,378	-	40,710,557
Total capital assets being depreciated	52,487,948	3,937,038	(233,643)	56,191,343
Less accumulated depreciation for:				
Buildings	1,342,078	145,993	-	1,488,071
Improvements other than buildings	42,995	6,293	-	49,288
Equipment and vehicles	7,756,178	506,232	(229,511)	8,032,899
Infrastructure, road network	14,711,625	948,219	-	15,659,844
Total accumulated depreciation	23,852,876	1,606,737	(229,511)	25,230,102
Total capital assets being depreciated, net	28,635,072	2,330,301	(4,132)	30,961,241
Governmental activities capital assets, net	\$ 33,859,025	6,359,539	(3,349,510)	36,869,054
<b>Business type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 488,499	-	-	488,499
Construction in progress	-	-	-	-
Total capital assets not being depreciated	488,499	-	-	488,499
Capital assets being depreciated:				
Buildings	443,091	-	-	443,091
Equipment and vehicles	3,054,237	579,441	(481,000)	3,152,678
Infrastructure	1,573,884	-	-	1,573,884
Total capital assets being depreciated	5,071,212	579,441	(481,000)	5,169,653
Less accumulated depreciation for:				
Buildings	128,444	11,077	-	139,521
Equipment and vehicles	2,288,338	309,779	(481,000)	2,117,117
Infrastructure	424,881	76,101	-	500,982
Total accumulated depreciation	2,841,663	396,957	(481,000)	2,757,620
Total capital assets being depreciated, net	2,229,549	182,484	-	2,412,033
Business type activities capital assets, net	\$ 2,718,048	182,484	-	2,900,532

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 60,724
County environment and education	25,110
Roads and transportation	1,361,975
Administration	158,928
Total depreciation expense - governmental activities	<u>\$ 1,606,737</u>
Business type activities:	
Landfill operations	<u>\$ 396,957</u>

**(6) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	\$ 22,316
Special Revenue:		
Mental Health	Services	131,218
Secondary Roads	Services	98,261
		<u>229,479</u>
Total for governmental funds		<u>\$ 251,795</u>
Agency:		
Agricultural Extension Education	Collections	\$ 185,834
County Assessor		936,777
Schools		18,937,428
Community Colleges		624,329
Corporations		7,557,607
Townships		368,915
Auto License and Use Tax		577,804
Special Assessments		522,397
County Hospital		1,017,093
E911		440,275
All other		34,966
Total for agency funds		<u>\$ 31,203,425</u>

**(7) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2010 is as follows:

	Governmental Activities					Total
	General Obligation Bonds	General Obligation Capital Loan Notes	General Obligation Anticipation Project Note	Compen- sated Absences	Net OPEB Liability	
Balance beginning of year	\$ 2,785,030	1,805,000	-	325,853	9,577	4,925,460
Increases	344,970	3,190,000	430,594	262,697	6,816	4,235,077
Decreases	3,130,000	862,324	-	243,913	-	4,236,237
Balance end of year	\$ -	4,132,676	430,594	344,637	16,393	4,924,300
Due within one year	\$ -	500,000	-	344,637	-	844,637

	Business Type Activities				Total
	SWAP Loan	Compen- sated Absences	Closure and Postclosure Care	Net OPEB Liability	
Balance beginning of year	\$ -	24,188	2,090,771	581	2,115,540
Increases	37,528	32,576	135,046	1,402	206,552
Decreases	5,972	31,313	-	-	37,285
Balance end of year	\$ 31,556	25,451	2,225,817	1,983	2,284,807
Due within one year	\$ 10,233	25,451	-	-	35,684

### General Obligation Capital Loan Notes

During the year ended June 30, 2010, the County issued \$3,190,000 of general obligation capital loan notes to refund \$3,130,000 of general obligation bonds. A summary of the County's June 30, 2010 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Capital Loan Note, Series 2010			Capital Loan Note, Series 2009A		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2011	0.75%	\$ 375,000	50,143	4.50%	\$ 40,000	83,800
2012	1.00	375,000	47,330	4.50	40,000	82,000
2013	1.30	380,000	43,580	4.50	45,000	80,200
2014	1.65	390,000	38,640	4.50	50,000	78,175
2015	2.10	400,000	32,205	4.50	50,000	75,925
2016-2020	2.40-3.00	915,000	41,010	4.75-5.60	315,000	338,525
2021-2025		-	-	5.70-6.10	445,000	237,565
2026-2029		-	-	6.20-6.50	485,000	80,410
Total		\$ 2,835,000	252,908 *		\$ 1,470,000	1,056,600

Year Ending June 30,	Capital Loan Note, Series 2006			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2011	4.40%	\$ 85,000	7,700	500,000	141,643	641,643
2012	4.40	90,000	3,960	505,000	133,290	638,290
2013		-	-	425,000	123,780	548,780
2014		-	-	440,000	116,815	556,815
2015		-	-	450,000	108,130	558,130
2016-2020		-	-	1,230,000	379,535	1,609,535
2021-2025		-	-	445,000	237,565	682,565
2026-2029		-	-	485,000	80,410	565,410
Total		\$ 175,000	11,660	4,480,000	1,321,168	5,801,168

\* The Series 2010 notes had unamortized discount totaling \$347,324 at June 30, 2010.

During the year ended June 30, 2010, the County retired \$515,000 of capital loan notes.

The refunding reduced total debt service payments over the next 8 years by \$147,199 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$130,122.

### General Obligation Capital Loan Anticipation Project Note

On April 1, 2009, the County authorized the issuance of \$2,700,000 of general obligation capital loan anticipation project notes, Series 2009B with a variable interest rate equal to the prime rate, but not less than 4.0% per annum, to Boone Bank & Trust Company. The proceeds are to be used to guarantee the principal and interest on a loan Central Iowa Expo, Inc. has with Community Bank of Boone. The note matures on April 1, 2014. At that time, the County will repay the note with an issuance of general obligation capital loan notes. On March 14, 2007 and May 14, 2008, the County authorized the issuance of not to exceed \$3,500,000 and not to exceed \$800,000 of general obligation capital loan notes, respectively. The County has previously issued \$1,550,000 of general obligation capital loan notes pursuant to this authorization. As of June 30, 2010, the County has drawn \$430,594 and remitted \$430,594 to Community Bank of Boone on behalf of Central Iowa Expo, Inc. The County paid interest of \$6,863 on the anticipation notes.

The County does not anticipate Central Iowa Expo will be able to repay this loan and, therefore, a loan receivable has not been established.

#### Solid Waste Alternative Program (SWAP) Loans

In April 2010, the County entered into a loan agreement with the Iowa Department of Natural Resources to provide funds to assist with the cost of purchasing recycling collection containers. The agreement awarded up to \$18,675 in the form of a forgivable zero interest loan. The term of the agreement is through May 15, 2011. At June 30, 2010, there are no unmet conditions to be achieved for loan forgiveness.

In September 2009, the County entered into a loan agreement with the Iowa Department of Natural Resources to provide funds to assist with the cost of purchasing a recycling collection truck. The agreement, as amended, awarded a total of \$30,219 in the form of a forgivable loan of \$20,000 and a zero interest loan of \$10,219. The term of the zero interest loan is 48 months and requires quarterly payments of \$852, which began April 15, 2010. At June 30, 2010, there are no unmet conditions to be achieved for loan forgiveness. The balance outstanding on the zero interest loan at June 30, 2010 was \$9,367.

In December 2008, the County entered into a loan agreement with the Iowa Department of Natural Resources to provide funds to assist with the cost of expanding the County's recycling program. The agreement, as amended, awarded a total of \$47,309 in the form of a forgivable loan of \$20,000 and a zero interest loan of \$27,309. The term of the zero interest loan is 48 months and requires quarterly payments of \$1,707, which began October 15, 2009. At June 30, 2010, there are no unmet conditions to be achieved for loan forgiveness. The balance outstanding on the zero interest loan at June 30, 2010 was \$22,189.

#### **(8) Pension and Retirement Benefits**

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.30% of their annual covered salary and the County is required to contribute 6.65% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$426,639, \$391,129 and \$329,197, respectively, equal to the required contributions for each year.

#### **(9) Other Postemployment Benefits (OPEB)**

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 131 active and 1 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug coverage, which is a partially self-funded medical plan, is administered by Wellmark. Retirees under age 65 pay the same premium for the



medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 10,158
Interest on net OPEB obligation	243
Adjustment to annual required contributions	(317)
Annual OPEB cost	10,084
Contribution made	(1,866)
Increase in net OPEB obligation	8,218
Net OPEB obligation beginning of year	10,158
Net OPEB obligation end of year	<u>\$ 18,376</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the County contributed \$1,866 to the medical plan. Plan members eligible for benefits contributed \$5,280 or 73.9% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 10,084	18.5%	\$ 18,376

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$73,757, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$73,757. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6,273,000 and the ratio of UAAL to covered payroll was 1.2%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined

amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment return rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$436 per month for retirees less than age 65 and \$976 per month for family plans of retirees less than age 65 under Iowa State Association of Counties (ISAC) plan 9, \$417 per month for retirees less than age 65 and \$934 per month for family plans of retirees less than age 65 under ISAC plan 10 and \$397 per month for retirees less than age 65 and \$888 per month for family plans of retirees less than age 65 under ISAC plan 13. The salary increase rate was assumed to be 2% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

## **(10) Risk Management**

The County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 634 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2010 were \$151,844.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in the aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2010, no liability has been recorded in the County's financial statements. As of June 30, 2010, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$1,000,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **(11) Hospital Revenue Bonds**

The County has entered into a loan agreement to borrow not to exceed \$7,500,000 to enlarge and improve the Boone County Hospital. The loan agreement was entered into pursuant to the authority contained in Section 331.402(3) of the Code of Iowa and does not constitute a general obligation of the County.

**(12) Senior Living Facility Revenue Notes**

The County has entered into a loan agreement to borrow not to exceed \$7,000,000 to construct and equip a 100 bed replacement nursing facility. The loan agreement was entered into pursuant to the authority contained in Section 419 of the Code of Iowa and does not constitute a general obligation of the County.

**(13) Loans to County Community Service Case Management Fund**

Effective July 1, 2007, Madison and Boone Counties entered into a 28E agreement to establish an administrative organization titled County Community Services. The purpose of the organization is to manage mental health and developmental disability services for the counties and provide targeted case management services. The agreement did not establish a legally separate entity. Instead, Boone County is to provide administrative services for the organization and has established an Agency, County Community Service Case Management Fund for this purpose. In July 2006, Boone County agreed to loan \$100,000 and Madison County agreed to loan \$25,000 with another \$15,000 in October 2006 for necessary cash flow. The County is establishing formal repayment schedules for the loans. At June 30, 2010, neither loan had been repaid.

**(14) Closure and Postclosure Care**

To comply with federal and state regulations, the Landfill is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Boone County Landfill have been estimated at \$1,677,200 for closure and \$1,503,000 for postclosure, for a total of \$3,180,200 as of June 30, 2010 for the original and expansion areas combined. The portion of the liability that has been recognized is \$2,225,817. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2010. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

The estimated remaining life of the landfill is 8 years for the expansion area and the capacity used at June 30, 2010 is 56.7%

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The County has begun accumulating resources to fund these costs and, at June 30, 2010, assets of \$3,217,796 are restricted for these purposes, of which \$1,702,176 is for closure and \$1,515,620 is for postclosure care.

Also, pursuant to Chapter 567-111.3(3) of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded for the expansion area, the County is required to demonstrate financial assurance for the unfunded costs. The County had adopted the dedicated fund mechanism.

Chapter 567-111.8(7) of the IAC allows a government to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the landfill is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

**(15) Solid Waste Tonnage Fees Retained**

The County has established an account for restricting and using solid waste tonnage fees retained by the County in accordance with Chapter 455B.310 of the Code of Iowa.

As of June 30, 2010, net assets of \$47,289 have been retained by the County and restricted for the required purposes.

## **Boone County**

### **Required Supplementary Information**

Boone County

Budgetary Comparison Schedule of  
Receipts, Disbursements and Changes in Balances -  
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2010

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 7,606,294	-	7,606,294
Penalty and interest on property tax	96,631	-	96,631
Intergovernmental	6,747,489	-	6,747,489
Licenses and permits	15,590	-	15,590
Charges for service	936,587	-	936,587
Use of money and property	194,632	-	194,632
Miscellaneous	322,887	224,202	98,685
Total receipts	15,920,110	224,202	15,695,908
Disbursements:			
Public safety and legal services	2,849,073	-	2,849,073
Physical health and social services	741,115	-	741,115
Mental health	2,395,072	-	2,395,072
County environment and education	1,545,431	216,350	1,329,081
Roads and transportation	5,370,546	-	5,370,546
Governmental services to residents	532,007	-	532,007
Administration	1,686,637	-	1,686,637
Non-program	-	-	-
Debt service	3,831,498	-	3,831,498
Capital projects	1,295,035	-	1,295,035
Total disbursements	20,246,414	216,350	20,030,064
Excess (deficiency) of receipts over (under) disbursements	(4,326,304)	7,852	(4,334,156)
Other financing sources, net	3,662,830	-	3,662,830
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(663,474)	7,852	(671,326)
Balance beginning of year	5,630,978	125,981	5,504,997
Balance end of year	\$ 4,967,504	133,833	4,833,671

See accompanying independent auditor's report.



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Budgeted Amounts		Final to
Original	Final	Net
		Variance
7,640,711	7,640,711	(34,417)
66,200	66,200	30,431
7,278,432	6,511,432	236,057
14,300	14,300	1,290
899,900	899,900	36,687
429,855	429,855	(235,223)
526,200	526,200	(427,515)
16,855,598	16,088,598	(392,690)
3,074,826	3,074,826	225,753
773,271	856,271	115,156
2,735,554	2,735,554	340,482
2,177,108	1,327,108	(1,973)
5,399,450	5,469,450	98,904
643,262	643,262	111,255
1,802,674	1,814,674	128,037
540,000	-	-
699,231	4,500,000	668,502
1,580,700	1,510,700	215,665
19,426,076	21,931,845	1,901,781
(2,570,478)	(5,843,247)	1,509,091
585,500	3,760,500	(97,670)
(1,984,978)	(2,082,747)	1,411,421
4,960,491	5,391,370	113,627
2,975,513	3,308,623	1,525,048

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Boone County  
Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2010

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 15,920,110	(6,006)	15,914,104
Expenditures	20,246,414	3,418	20,249,832
Net	(4,326,304)	(2,588)	(4,335,728)
Other financing sources, net	3,662,830	(51,873)	3,610,957
Beginning fund balances	5,630,978	564,057	6,195,035
Ending fund balances	<u>\$ 4,967,504</u>	<u>502,760</u>	<u>5,470,264</u>

See accompanying independent auditor's report.

Boone County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2010

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, Enterprise and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$2,505,769. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2010, disbursements exceeded the amount budgeted in the county environment and education function and disbursements exceeded the amount budgeted in the debt service function prior to an approved amendment.

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Boone County

Schedule of Funding Progress for the  
Retiree Health Plan  
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	Jul 1, 2008	-	\$ 74	74	0.00%	\$ 5,226	1.4%
2010	Jul 1, 2008	-	74	74	0.00%	6,273	1.2%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

## **Other Supplementary Information**

Boone County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2010

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts	Conservation Land Acquisition	Special Resource Enhancement and Protection
<b>Assets</b>					
Cash and pooled investments	\$ 48,301	446	133,833	35,761	139,571
Receivables:					
Succeeding year property tax	-	-	-	-	-
Accounts	-	-	-	-	-
Accrued interest	-	-	-	-	271
Drainage assessments	-	-	112,851	-	-
Due from other funds	537	5	-	-	-
<b>Total assets</b>	<b>\$ 48,838</b>	<b>451</b>	<b>246,684</b>	<b>35,761</b>	<b>139,842</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	-	-	-	-	-
Interfund payable	-	-	112,851	-	-
Deferred revenue:					
Succeeding year property tax	-	-	-	-	-
Other	-	-	112,851	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>225,702</b>	<b>-</b>	<b>-</b>
Fund balances:					
Reserved for debt service	-	-	-	-	-
Unreserved	48,838	451	20,982	35,761	139,842
Total fund balances	48,838	451	20,982	35,761	139,842
<b>Total liabilities and fund balances</b>	<b>\$ 48,838</b>	<b>451</b>	<b>246,684</b>	<b>35,761</b>	<b>139,842</b>

See accompanying independent auditor's report.

Revenue					
Task Force	Attorney Drug Prosecution	Jail Commissary	Reserve Deputy	County TIF Project	Total
78,160	8,509	65,038	1,812	13	511,444
-	-	-	-	66,000	66,000
47	47	96	-	-	190
-	-	-	-	-	271
-	-	-	-	-	112,851
-	-	-	-	-	542
78,207	8,556	65,134	1,812	66,013	691,298
-	449	799	1,651	-	2,899
-	-	-	-	-	112,851
-	-	-	-	66,000	66,000
-	-	-	-	-	112,851
-	449	799	1,651	66,000	294,601
-	-	-	-	13	13
78,207	8,107	64,335	161	-	396,684
78,207	8,107	64,335	161	13	396,697
78,207	8,556	65,134	1,812	66,013	691,298

Boone County  
Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2010

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts	Conservation Land Acquisition	Special Resource Enhancement and Protection
Revenues:					
Tax increment financing	\$ -	-	-	-	-
Intergovernmental	-	-	-	3,275	10,858
Charges for service	5,056	-	-	-	-
Use of money and property	537	5	-	-	271
Miscellaneous	-	-	111,351	1,015	-
Total revenues	5,593	5	111,351	4,290	11,129
Expenditures:					
Operating:					
Public safety and legal services	-	-	-	-	-
County environment and education	-	-	216,350	-	-
Governmental services to residents	7,632	-	-	-	-
Total expenditures	7,632	-	216,350	-	-
Excess (deficiency) of revenues over (under) expenditures	(2,039)	5	(104,999)	4,290	11,129
Other financing sources (uses):					
Operating transfers in	-	-	-	545	-
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	545	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,039)	5	(104,999)	4,835	11,129
Fund balances beginning of year	50,877	446	125,981	30,926	128,713
Fund balances end of year	\$ 48,838	451	20,982	35,761	139,842

See accompanying independent auditor's report.



Revenue					
Task Force	Attorney Drug Prosecution	Jail Commissary	Reserve Deputy	County TIF Project	Total
-	-	-	-	12,591	12,591
-	-	-	-	-	14,133
-	-	-	-	-	5,056
-	-	16,306	-	-	17,119
2,673	2,695	-	2,515	-	120,249
2,673	2,695	16,306	2,515	12,591	169,148
3,517	7,999	14,226	2,383	-	28,125
-	-	-	-	-	216,350
-	-	-	-	-	7,632
3,517	7,999	14,226	2,383	-	252,107
(844)	(5,304)	2,080	132	12,591	(82,959)
-	-	-	-	-	545
-	-	-	-	(19,554)	(19,554)
-	-	-	-	(19,554)	(19,009)
(844)	(5,304)	2,080	132	(6,963)	(101,968)
79,051	13,411	62,255	29	6,976	498,665
78,207	8,107	64,335	161	13	396,697

Boone County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2010

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpor- ations
<b>Assets</b>						
Cash and pooled investments:						
County Treasurer	\$ -	2,351	445,803	232,141	7,727	120,269
Other County officials	42,227	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	483	1,471	47,287	1,602	30,338
Succeeding year	-	183,000	558,000	18,658,000	615,000	7,407,000
Accounts	1,138	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Prepaid insurance	-	-	516	-	-	-
<b>Total assets</b>	<b>\$ 43,365</b>	<b>185,834</b>	<b>1,005,790</b>	<b>18,937,428</b>	<b>624,329</b>	<b>7,557,607</b>
<b>Liabilities</b>						
Accounts payable	\$ -	-	49,090	-	-	-
Salaries and benefits payable	-	-	4,524	-	-	-
Due to other funds	1,374	-	-	-	-	-
Due to other governments	26,712	185,834	936,777	18,937,428	624,329	7,557,607
Trusts payable	15,279	-	-	-	-	-
Compensated absences	-	-	15,399	-	-	-
<b>Total liabilities</b>	<b>\$ 43,365</b>	<b>185,834</b>	<b>1,005,790</b>	<b>18,937,428</b>	<b>624,329</b>	<b>7,557,607</b>

See accompanying independent auditor's report.

Townships	Auto License and Use Tax	Special Assessments	County Hospital	E911	Other	Total
3,279	577,804	42,600	12,449	429,313	613,430	2,487,166
-	-	-	-	-	-	42,227
636	-	-	2,644	-	10	84,471
365,000	-	-	1,002,000	-	3,000	28,791,000
-	-	-	-	24,827	4,914	30,879
-	-	479,797	-	-	-	479,797
-	-	-	-	-	1,374	1,374
-	-	-	-	-	193,195	193,195
-	-	-	-	-	1,549	2,065
368,915	577,804	522,397	1,017,093	454,140	817,472	32,112,174
-	-	-	-	13,865	66,479	129,434
-	-	-	-	-	8,204	12,728
-	-	-	-	-	-	1,374
368,915	577,804	522,397	1,017,093	440,275	8,254	31,203,425
-	-	-	-	-	693,325	708,604
-	-	-	-	-	41,210	56,609
368,915	577,804	522,397	1,017,093	454,140	817,472	32,112,174

Boone County  
Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2010

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets and Liabilities</b>					
Balances beginning of year	\$ 43,938	180,029	905,738	17,303,916	592,911
Additions:					
Property and other county tax	-	184,086	560,868	18,668,679	617,546
E911 surcharge	-	-	-	-	-
State tax credits	-	6,987	16,006	691,301	23,057
Office fees and collections	784,011	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	-	-	-	-	-
Miscellaneous	-	-	390	-	-
Total additions	784,011	191,073	577,264	19,359,980	640,603
Deductions:					
Agency remittances:					
To other funds	325,173	-	-	-	-
To other governments	257,027	185,268	-	17,726,468	609,185
Trusts paid out	202,384	-	477,212	-	-
Total deductions	784,584	185,268	477,212	17,726,468	609,185
Balances end of year	\$ 43,365	185,834	1,005,790	18,937,428	624,329

See accompanying independent auditor's report.

Corpora- tions	Townships	Auto License and Use Tax	Special Assessments	County Hospital	E911	Other	Total
7,102,676	338,078	527,518	562,012	956,132	442,228	780,083	29,735,259
7,407,381	369,037	-	-	1,005,100	-	3,121	28,815,818
-	-	-	-	-	149,989	-	149,989
269,911	11,936	-	-	36,995	-	123	1,056,316
-	-	-	-	-	-	14,989	799,000
-	-	6,236,572	-	-	-	-	6,236,572
-	-	-	118,808	-	-	-	118,808
-	-	-	-	-	-	1,297,610	1,297,610
-	-	-	-	-	4,418	1,858,485	1,863,293
7,677,292	380,973	6,236,572	118,808	1,042,095	154,407	3,174,328	40,337,406
-	-	252,010	-	-	-	-	577,183
7,222,361	350,136	5,934,276	158,423	981,134	142,495	4,197	33,570,970
-	-	-	-	-	-	3,132,742	3,812,338
7,222,361	350,136	6,186,286	158,423	981,134	142,495	3,136,939	37,960,491
7,557,607	368,915	577,804	522,397	1,017,093	454,140	817,472	32,112,174

Boone County  
Schedule of Revenues By Source and Expenditures By Function -  
All Governmental Funds

For the Last Ten Years

					Modified
	2010	2009	2008	2007	2006
Revenues:					
Property and other county tax	\$ 6,833,940	6,482,896	6,145,257	5,678,758	5,391,529
Local option sales tax	770,944	824,876	828,151	790,831	726,317
Interest and penalty on property tax	97,131	85,812	93,048	76,918	71,901
Intergovernmental	6,721,779	6,350,624	6,196,573	6,177,965	5,518,447
Licenses and permits	15,170	17,324	18,631	25,821	20,933
Charges for service	946,631	951,013	932,813	916,158	926,680
Use of money and property	180,428	237,426	276,241	343,410	242,346
Miscellaneous	348,081	302,259	231,978	257,996	198,900
Total	\$ 15,914,104	15,252,230	14,722,692	14,267,857	13,097,053
Expenditures:					
Operating:					
Public safety and legal services	\$ 2,818,638	2,753,574	2,685,812	2,507,524	2,393,530
Physical health and social services	790,647	708,696	639,097	660,704	610,980
Mental health	2,200,563	2,510,866	2,986,700	2,671,208	2,479,313
County environment and education	1,551,519	945,822	926,932	933,921	857,742
Roads and transportation	5,514,468	4,767,579	4,831,699	4,322,499	3,881,757
Governmental services to residents	549,998	594,094	497,320	495,947	666,018
Administration	1,713,577	1,797,854	1,591,002	1,338,419	1,217,653
Debt service	3,816,125	2,101,810	610,659	417,958	416,895
Capital projects	1,294,297	234,620	653,859	3,113,667	474,175
Total	\$ 20,249,832	16,414,915	15,423,080	16,461,847	12,998,063

See accompanying independent auditor's report.

Accrual Basis				
2005	2004	2003	2002	2001
5,355,382	5,316,332	5,129,145	4,905,583	4,132,412
732,977	697,173	681,719	599,343	618,060
62,876	66,697	64,522	67,451	60,113
5,758,477	4,640,729	4,569,465	4,840,152	4,881,308
15,067	60,808	14,598	10,431	7,838
942,470	884,787	869,192	832,023	719,700
158,099	129,254	151,049	436,706	357,245
540,830	212,419	293,260	204,584	157,254
13,566,178	12,008,199	11,772,950	11,896,273	10,933,930
2,117,985	2,013,154	1,927,982	1,900,164	1,756,703
583,588	597,127	620,149	839,084	830,284
2,341,752	2,005,825	2,136,380	1,859,850	1,958,823
787,105	758,079	742,442	680,163	701,680
3,990,145	3,581,862	3,602,048	3,832,568	3,572,743
510,074	470,870	455,664	429,361	388,559
1,202,257	1,064,871	998,490	867,867	852,361
433,595	843,108	431,149	341,149	241,607
1,905,106	706,865	1,627,172	3,609,233	1,056,929
13,871,607	12,041,761	12,541,476	14,359,439	11,359,689

**Schedule 6**

## Boone County

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Health and Human Services:			
Drug-Free Communities Support Program Grants	93.276	5 H79 SP011259-05	\$ 41,607
Drug-Free Communities Support Program Grants	93.276	5 H79 SP011259-06	73,324
Total direct			<u>114,931</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the			
Supplemental Nutrition Assistance Program	10.561		<u>16,744</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C008(26)8J--08	350,918
Highway Planning and Construction	20.205	BROS-C008(40)5F--08	9,180
			<u>360,098</u>
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	10-410, Task 06	9,450
Safety Belt Performance Grants	20.609	09-406, Task 18	422
			<u>9,872</u>
U.S. Department of Education:			
Treasurer of the State of Iowa:			
ARRA - State Fiscal Stabilization Fund - Government Services, Recovery Act	84.397	5397AO90016A	<u>29,546</u>
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Promoting Safe and Stable Families	93.556		<u>10,549</u>
Child Care and Development Block Grant	93.575		<u>50,852</u>
ARRA - Child Care and Development Block Grant	93.713		<u>9,233</u>
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		<u>9,308</u>
Refugee and Entrant Assistance - State Administered Programs	93.566		<u>47</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>4,394</u>
Foster Care - Title IV-E	93.658		<u>9,137</u>
Adoption Assistance	93.659		<u>2,260</u>
Children's Health Insurance Program	93.767		<u>105</u>
Medical Assistance Program	93.778		<u>19,137</u>
Social Services Block Grant	93.667		<u>9,136</u>
Social Services Block Grant	93.667		<u>98,178</u>
			<u>107,314</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1763 DR IA	97,033
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1880 DR IA	1,099
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1930 DR IA	8,023
			<u>106,155</u>



Boone County  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2010

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Emergency Management Performance Grants	97.042	EMPG	27,785
Story County:			
Homeland Security Grant Program	97.067	2006-GE-T6-0065-001	36,246
Homeland Security Grant Program	97.067	2007-GE-T7-0032-001	20,867
			57,113
Total indirect			829,649
Total			\$ 944,580

**Basis of Presentation** – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Boone County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

**Boone County**



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Officials of Boone County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Boone County, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 25, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Boone County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Boone County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Boone County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting we consider to be significant deficiencies, including a deficiency we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-10 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-B-10 through II-F-10 to be significant deficiencies.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boone County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.


Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Boone County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Boone County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Boone County and other parties to whom Boone County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Boone County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 25, 2011

**Independent Auditor's Report on Compliance  
with Requirements That Could Have a Direct and Material Effect  
on Each Major Program and Internal Control over Compliance In Accordance  
with OMB Circular A-133**

**Boone County**



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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Des Moines, Iowa 50319-0004

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Independent Auditor's Report on Compliance with Requirements  
That Could Have a Direct and Material Effect on Major Program and  
on Internal Control over Compliance in Accordance with OMB Circular A-133

To the Officials of Boone County:

Compliance

We have audited Boone County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on Boone County's major federal programs for the year ended June 30, 2010. Boone County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Boone County's management. Our responsibility is to express an opinion on Boone County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Boone County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Boone County's compliance with those requirements.

In our opinion, Boone County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

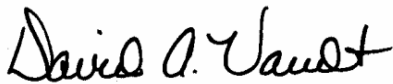
Internal Control Over Compliance

The management of Boone County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Boone County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Boone County's internal control over compliance.

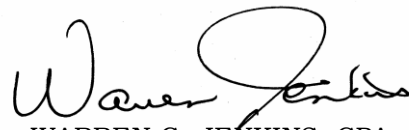
A deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Boone County and other parties to whom Boone County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 25, 2011



Boone County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2010

**Part I: Summary of Independent Auditor's Results:**

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies and a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
  - CFDA Number 20.205 – Highway Planning and Construction
  - CFDA Number 93.276 – Drug-Free Communities Support Program Grants
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Boone County did not qualify as a low-risk auditee.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

II-A-10 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) Receipts – collecting, depositing, posting and daily reconciling.	Recorder
(2) Receipts – opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	Treasurer

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County Recorder and the County Treasurer should review the operating procedures of their offices to obtain the maximum internal control possible under the circumstances.

Responses –

Recorder – In regard to segregation of duties, when we balance for the day, it is not always the same person who does the same task. We try to let everyone know how to handle that duty. Three of us in the office can do the deposits. One of us prepares the deposit for the bank and another enters the information on the computer.

Treasurer – It is necessary for everyone in the office to assist customers and collect money at the counter, including the Treasurer. There are a limited number of employees in the office during lunch hours, especially when we have employees gone for vacation time or sick time. Everyone balances their own cash drawer separately and then the total day's business is balanced all together either by the Treasurer or the First Deputy. The Treasurer does the month end process and apportionment business.

Conclusions – Responses acknowledged. To improve segregation of duties, someone independent of receipt collection should perform the daily reconciliation. Evidence of this independent review should be retained.

II-B-10 Credit Cards – Various County employees use credit cards issued to the County. Detailed credit card receipts were not always available to support credit card charges or were not always reconciled to the credit card statements from which payment was made.

Recommendation – Credit card receipts should be maintained and reconciled to credit card statements prior to payment.

Response – Efforts are underway to correct this problem. The difficulty is employees are used to not saving personal receipts and often do not save

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

business receipts. Our policy requires detailed reconciliation. However our department heads submit claims for payment without compliance with that policy. It is difficult to enforce policy if department heads are satisfied the expense is legitimate.

Conclusion – Response acknowledged. The County should ensure all claims for payment are itemized to clearly show the basis of the claim as required by Chapter 331.504(8) of the Code of Iowa.

II-C-10 County Recorder – Although monthly bank reconciliations were performed, the variance between the book balance and the bank balance at June 30, 2010 was not investigated and resolved.

Recommendation – Variances between book and bank balances should be investigated and resolved in a timely manner to improve financial accountability and control. Also, all reconciling items between the book and bank balances should be documented each month, including an accounts receivable listing at the end of each month. In addition, the book balance should be reconciled to a listing of month end liabilities.

Response – Concerning the monthly bank reconciliations, we used several different reports to ensure our bank balance reflects the deposits and the month end liabilities.

Conclusion – Response acknowledged. An unexplained variance between the book and bank balances exists at June 30, 2010. Variances should be investigated and resolved monthly.

II-D-10 Boone Central Iowa Expo loan guarantees – The County has entered into various financing agreements with Central Iowa Expo, Inc. to guarantee up to \$2,700,000 of Central Iowa Expo (Expo) debt. The Expo has failed to make required debt payments. The following were noted:

- The County did not receive a timely request from the Expo requesting the County to make a debt payment under the guarantee.
- The County has used other County funds on a short term basis to subsidize the Expo's loan payments until arranged financing is received because of the untimely payment request.
- The County did not receive a request, as required, to retain certain pledges receipted after January 1, 2010 and has not received required monthly pledge receipt information.
- The County has not received adequate support to establish the Expo's financial need.
- Until requested, the County did not have a copy of the last independent audit report of the Expo.
- The audit of the Expo identified a material weakness in internal control.

Also, the Board has not developed a written plan for long-term financing should the Expo be unable to satisfy its debt obligations.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Recommendation – The Board should ensure Central Iowa Expo, Inc. complies with written agreements. A written plan should be developed for handling future debt obligations.

Response – The above concerns are acknowledged by the Board and they will develop a written plan to address the concerns.

Conclusion – Response accepted.

- II-E-10 Emergency Management Receipts – One warrant received from the State of Iowa was not deposited with the County Treasurer timely.

Recommendation – Collections should be deposited with the County Treasurer timely.

Response – I believe this was at the beginning of the audit year before the auditors advised the deposits need to be done in a timely manner and I advised my staff to make deposits every time he does bills. Since then, we have also arranged for direct deposit from the State. So, since I am doing the deposits or they are being direct deposited, this is no longer an issue.

Conclusion – Response accepted.

- II-F-10 Compensated Absences – Compensated absence documentation provided by the County did not include all vacation accrued through the year ended June 30, 2010. In addition incorrect IPERS rates were used in the calculation. This was resolved for audit purposes.

Recommendation – The County should ensure compensated absences are adequately supported and accurate.

Response – This was an honest error. This was the first time the document was prepared by the employee. The County Auditor did not have a chance to review the document before it was submitted to State Auditor staff.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Boone County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2010

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

No material weaknesses in internal control over the major programs were noted.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

**Part IV: Other Findings Related to Required Statutory Reporting:**

IV-A-10 Certified Budget – Disbursements during the year ended June 30, 2010 exceeded the amount budgeted in the debt service function prior to an approved amendment. Disbursements at year end exceeded the amount budgeted in the county environment and education function. Disbursements in certain departments exceeded the amounts appropriated prior to amendment. Also, the adoption of the budget for the year ended June 30, 2010 was not recorded in the official Board of Supervisor's minute book or published.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Also, adoption of the budget should be recorded in the minute book and published.

Response – The County refinanced jail bonds and the deposit of bond proceeds were paid to the County and a warrant was written to pay off the retired issue. In the past, this activity was handled outside the County books and only a small payment or deposit was recorded. The County did not understand this was how closing would be handled, therefore did not amend the budget before closing.

The original minutes approved by the Board included a motion adopting the budget, but when transferred for publication, the motion was not included. This is a word processing error and the County will endeavor to proofread before minutes are forwarded to the newspaper.

The County is aware of requirements to amend budgets before the expenditure limit is exceeded and would have done so if we had realized closing was to be handled the way it was. Publication of the budget adoption is also understood by County but the word processing error was not discovered. We intend to comply with the applicable law.

Conclusion – Response accepted.

IV-B-10 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-10 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

- IV-D-10 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Description	Amount
Steve Duffy, member of Conservation Board, and owner of Duffy's Inc.	Air conditioning units and service	\$ 2,808

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with Duffy's, Inc. appear to represent a conflict of interest since the total was more than \$1,500 during the fiscal year.

Recommendation – The County should consult legal counsel to determine the disposition of this matter.

Response – The Board of Supervisors will seek advice from the County Attorney regarding potential conflict of interest and the County will develop a policy regarding this matter.

Conclusion – Response accepted.

- IV-E-10 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed annually to ensure the coverage is adequate for current operations.

- IV-F-10 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not. Although minutes of the Board proceedings were published, a copy of the proceedings was not always furnished to the official newspaper within one week following adjournment of the Board, as required by Chapter 349.18 of the Code of Iowa. Also, annual salaries of employees were not published as required by Chapter 349.18 of the Code of Iowa.

Recommendation – The County Auditor should furnish a copy of the proceedings to be published within one week following the adjournment of the Board, per Chapter 349.18 of the Code of Iowa. Also, the publication should include annual salaries of employees per Chapter 349.18 of the Code of Iowa.

Response – The Boone County Board of Supervisors meet 1 time per week. The minutes of the previous meeting are approved one week later, and forwarded by their secretary to newspapers as soon as she is able to, usually the next day, as she is charged with recording the minutes and the Board usually meet until end of day. We acknowledge we often miss the seven day deadline by one day because of this. We are very aware of this requirement, and will try to change our work flow, having the notice to newspapers ready to email in draft form, so it can be sent as soon as the minutes are approved, assuming they are approved without amendment.

The County did publish approved annual salaries in the July 1, 2009 minutes, and publishes the changes in approved salary as approved throughout the year. The County did not understand we had to publish both the fiscal year salaries and the calendar year W-2 information. We did publish the 2010 calendar W-2 information because of this comment.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Conclusion – Response acknowledged. Actual annual salaries should be published after the fiscal year ends or at the end of the calendar year, not both.

IV-G-10 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-H-10 Resource Enhancement and Protection Certification – The County chose not to dedicate property tax revenue to conservation purposes to the extent required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

The County produces a significant amount of revenue in its Conservation Department through camping and golf fees. This revenue is used to offset conservation expenses in lieu of property tax revenue.

IV-I-10 Financial Assurance – The Boone County Landfill has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 111.6(8) of the Iowa Administrative Code. The calculation is made as follows:

	Original Area		Expansion Area	
	Closure	Postclosure	Closure	Postclosure
Total estimated costs for closure and postclosure care	\$ 213,600	763,500	1,463,600	739,500
Less: Amounts held in the local dedicated fund at June 30, 2009	(204,400)	(747,000)	(1,301,105)	(555,369)
Reallocation of amounts held based on current estimated costs	(9,200)	(16,500)	9,200	16,500
Amounts held at July 1, 2009	(213,600)	(763,500)	(1,291,905)	(538,869)
Balance to be funded	-	-	171,695	200,631
Divided by the number of years remaining in the pay-in period	-	-	1	1
Required payment into the local dedicated fund for the year ended June 30, 2010	-	-	171,695	200,631
Amounts held in the local dedicated fund at June 30, 2009, as reallocated	213,600	763,500	1,291,905	538,869
Amounts required to be held in the local dedicated fund at June 30, 2010	\$ 213,600	763,500	1,463,600	739,500
Amounts restricted for closure and postclosure care at June 30, 2010	\$ 213,600	763,500	1,488,576	752,120

IV-J-10 Solid Waste Fees Retainage – During the year ended June 30, 2010, the County used or retained the solid waste fees in accordance with Chapter 455B.310(2) of the Code of Iowa.



Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

IV-K-10 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2010 for the County Extension Office did not exceed the amount budgeted.

Boone County

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Manager  
Karen L. Brustkern, CPA, Senior Auditor II  
Jessica N. Meierotto, Staff Auditor  
Stephanie A. Sissel, Staff Auditor  
Brett M. Zeller, Staff Auditor  
Leanna J. Showman, Assistant Auditor  
Shawn R. Bowers, Auditor Intern  
Elizabeth A. Harriss, Auditor Intern

A handwritten signature in black ink, reading "Andrew E. Nielsen". The signature is fluid and cursive, with the first name "Andrew" and last name "Nielsen" clearly legible.

Andrew E. Nielsen, CPA  
Deputy Auditor of State